

# CONSIGLI ASSOCIATI

## QUESTIONNAIRE

<b>A. GENERAL QUESTIONS ABOUT TAXATION</b> .....	2
<b>B. INCORPORATION OF A NEW COMPANY</b> .....	2
<b>C. OPENING A BRANCH OF A FOREIGN ENTITY</b> .....	4
<b>D. PERSONAL TAXES</b> .....	4
<b>E. SOCIAL SECURITY CONTRIBUTIONS</b> .....	4
<b>F. GOVERNMENTAL CHARGES</b> .....	5
<b>H. PROFESSIONAL FEES</b> .....	5
<i>i. Branch registration fees</i> .....	5
<i>ii. Annual Audited Accounts</i> .....	6
<i>iii. Retainer Fees</i> .....	6

# CONSIGLI ASSOCIATI

## **A. GENERAL QUESTIONS ABOUT TAXATION**

1. Which are the taxes, duties, levies, charges, registration and stamp fees applicable in the Republic of Italy in connection with an economic activity carried out by a foreign company and when do they become liable in the Republic of Italy?
2. What is the tax rate of corporate income tax?
3. How is the corporate income tax calculated? Is it based on the result of Profit & Loss statement or is it determined on a different basis (deemed taxable income) and what are the major tax adjustments (if any) to the P&L result?
4. Is there any withholding tax? At what rate is it applied on the Consultants invoices?
5. When should the tax returns be filled?
6. When does the payment of income tax have to be effected?
7. Is any Value Added Tax (V.A.T.) chargeable to transactions operated within the territory of the Republic of Italy? What is the rate in the ... sector?
8. Are there any deductions/benefits or “exemptions” in the fiscal regime for a company who realize an activity of....?
9. Does a treaty against double taxation between the Republic of Italy and.....exist? What does it involve?"
10. Are there any anticipated changes to taxation in the Republic of Italy over the next few years?

## **B. INCORPORATION OF A NEW COMPANY**

1. What registration requirements are needed in able to register a new company in the Republic of Italy?
2. Could you supply, a flow chart showing the various steps of registration in the Republic of Italy

# CONSIGLI ASSOCIATI

of a new company funded from an foreign entity, together with forms and declarations to be used? (*in English if available*)

3. To start operating in the Republic of Italy are there any special authorizations that need to be requested?
4. What is the average duration of time expected before the company is in position to start its activity? (how long does it take to register and obtain authorizations necessary to operate)?
5. What type of companies may be registered in the Republic of Italy?
6. Are there differences between companies with only local participation and companies with “mixed” (local and foreign participation)?
7. Which are the problems that could be encountered in closing down a company in the Republic of Italy? What is the time required to perform such operation?
8. What are the costs involved with the establishment / closing a company in the Republic of Italy?
9. Are there any restrictions on the repatriation of funds from the Republic of Italy to the country which has financed the new Company? Is there a remittance tax or a withholding tax applicable to the repatriation of profits?
10. Is allowed to increase the value of the initial funds? Are official procedures or permissions required?
11. Are there “*thin capitalisation*” rules imposed by the Republic of Italy tax legislation or by the tax practice as to the maximum debt/capital ratio admitted?
12. Loss carry-forwards: are losses that are incurred in one period available to be moved backwards or forwards to offset the income of future/preceding period? Is the deduction of losses restricted in any way?
13. Have companies with foreign but European participation, as example from UK, fiscal advantage in respect to foreign non UE participation?

# CONSIGLI ASSOCIATI

## **C. OPENING A BRANCH OF A FOREIGN ENTITY**

1. Is a foreign company required to register its presence in the Republic of Italy in order to be allowed to carry out its consultant activity locally?
2. Is there a minimum capital (or endowment fund) requirement for a branch of a foreign company? If so, how soon after formation must this minimum be achieved? Is there any tax chargeable to that funding?
3. Ditto as B 9 above
4. Is the interest cost accrued on the loans granted by a foreign entities, which are recorded in the accounts of the branch (although legally pertaining to the foreign parent company) deductible for income tax purpose? In the absence of a double tax treaty, is a withholding tax imposed in the Republic of Italy on such interest?
5. Which are the times and costs involved with the establishment / closing a branch in Italy?

## **D. PERSONAL TAXES**

1. Could you please provide information on personal taxes (rates, deductibles, portion withhold by the employer and portion directly paid by the personnel)?
2. Could you please clarify tax treatment for any expatriates who are working in the Republic of Italy on behalf of the consultant? If they are taxed on a “notional value” of salaries, could you please provide us with the range of such “notional values”?

## **E. SOCIAL SECURITY CONTRIBUTIONS**

1. Please supply information on social security contributions (types, rates, deductibles, portion withheld by the employer and portion directly paid by the personnel).
2. Could you please describe us the social security contribution to be paid by (or on account of) expatriates working in the Republic of Italy as employees? In case some are taxed on a notional value of salaries, could you please provide us with the range of such notional values?

# CONSIGLI ASSOCIATI

## **F. GOVERNMENTAL CHARGES**

1. What other Governmental Charges may the Company be subject to, in the Republic of Italy for the performance of the ..... Contract? Could you please list and specify rates / amounts involved?
2. If the ..... Contract between ..... and the ..... is registered in the Republic of Italy will it be subject to the payment of a Stamp Duty? How much does the Stamp Duty amount to? It is to be paid by the Contractor or by Owner or both?

## **G. THE BEST CONTRACTUAL STRUCTURE TO MINIMIZE TAXATION**

1. Please advise if there is a Contractual Structure that can minimize the taxation in the Republic of Italy for the type of work that foreign Company ..... shall undertake (for example: Is there any advantage if the Contract is signed by the JVC and a local Company registered in the Republic of Italy and fully controlled by the foreign Company?).
2. In relation to point 1 above, can you advise whether the Onshore Contract (Onshore = covering the Services to be performed inside the Republic of Italy) should be liable to taxation in the Republic of Italy?
3. Can you also inform whether (Offshore = covering the Services to be performed outside the Republic of Italy) invoices of any Services, which are under the Offshore Contract and which will be issued by the foreign Company from outside the Republic of Italy are subject to withholding tax in the Republic of Italy?

## **H. PROFESSIONAL FEES**

1. What is the tariff for your professional consultancies?

### **i. Branch registration fees.**

*Our fees for the branch/company registration is Euro 5.000 including notary fees and out of pocket expenses (ESCLUDING the initial capital share) payable 50% in advance when we commence the work together.*

# CONSIGLI ASSOCIATI

*As part of these registration formalities, we will assist you in establishing the necessary bank accounts, registration with business profit tax division, registration with the personal income tax division, registration with V.A.T. authorities, and registration with the social insurance authorities. Of course, any out of pocket expenses relating to government fees and levies on registration formalities will be charged to you (these are insignificant);*

**ii. Annual Audited Accounts.**

*The fee for the preparation of the audited accounts is Euro 4.500 per annum; these fees are based on a minimum operational level.*

**iii. Retainer Fees.**

*From our experience, we find that our new international clients who come to this country for the first time require our constant advice more or less on a weekly basis. After few months, the frequency is less but they normally like to consult us for review of their monthly payroll and VAT returns and other areas. For this we usually establish a retainer agreement with our clients. Of course, should you decide after the first year that you no longer require this type of agreement you have every right to cancel it.*

*For this service our annual charge is Euro 8.000 of which 50% to be anticipated.*

Consigli Associati

(Giovanni Consigli)